Sales and Use Tax (Food Service License)

How are both the food service and sales tax licenses closed or sold to another owner?

A food service establishment that is closing must notify the Colorado Department of Revenue of the last day of business so the account can be closed.

The business is also required to contact the county in which the business is located of the closure.

The Colorado Department of Revenue requires any business closing to file the FINAL sales tax return and remit state taxes within 10 days of the sale of the business. If no taxes are due a zero return must still be filed to avoid receiving a non-filer notice and possible penalty and interest. Simply indicate on the return the date of the closure of the business and remit the final return to the Department of Revenue.

The new business owner may become liable for any unpaid tax due on the sales made by the previous owner if the taxes are not remitted.

The purchaser may request from the seller a tax status letter Form DR 0096. The Department of Revenue will supply this information only at the present owner's (seller's) request. The letter will indicate whether all business tax filings are current. There is a \$7 fee for each type of tax on which the information is requested.

To obtain a tax status letter, the seller must request the information by filling out the form DR 0096 "Request for Tax Status Letter" and remit the appropriate fees. It could take 6 weeks for the seller to receive the information.

The purchaser must also apply for a state sales tax license and food service license.

Contact the county in which the business is located to determine how to handle the selling of a food service establishment in Colorado.